

Home Product Center Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the three-month period ended 31 March 2015

1. General information

1.1 Corporate information

Home Product Center Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Public Company Limited and Quality Houses Public Company Limited, which were incorporated in Thailand. The Company is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail business, together with space rental and provide utilities service. Its registered address is at 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi.

As at 31 March 2015, the Company and its subsidiary have a total of 77 branches (31 December 2014: 76 branches) (The separate financial statements: 72 branches, 31 December 2014: 71 branches).

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Home Product Center Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014, with there being no changes in the structure of shareholding in subsidiaries during the period.

1.4 New accounting standards

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month periods		
	periods ended 31 March		ended 31 March		
	2015	2014	2015	2014	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	8,330	858	Actual cost plus margin
Rental and service income	-	-	58,410	44,997	Baht 2 million and Baht 17.55 million per month (2014: Baht 1 million and Baht 14 million per month)
Management service income	-	-	9,942	9,174	Actual cost and contact price
Service income	-	-	203	170	Actual cost
Service expense	-	-	191,730	201,658	Actual cost and contact price
Interest income	-	-	20,880	11,951	4.50% - 4.75% per annum (2014: 4.50% per annum)
Interest expenses	-	-	499	587	2.25% per annum (2014: 2.45% - 2.75% per annum)
Dividend received	-	-	59,998	-	As declared
<u>Transactions with related companies</u>					
Sales income	10,630	11,073	10,630	11,073	Market price
Rental and service income	4,489	2,649	4,489	2,649	Contact price
Interest income	6,029	1,692	6,029	1,692	0.75% - 1.60% per annum (2014: 0.75% - 2.25% per annum)
Rental and service expenses	4,904	6,195	4,904	6,195	Percentage of revenue but not less than a minimum rate

As at 31 March 2015 and 31 December 2014, the Company had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Bill of exchanges and deposits with financial institution				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	3,390,988	1,955,128	3,381,263	1,929,232
Trade and other receivables				
Subsidiaries	-	-	8,410	57,984
Related company ⁽¹⁾	3,785	3,215	3,785	3,215
Related company ⁽²⁾	5,920	7,225	5,920	7,225
Total	9,705	10,440	18,115	68,424
Short-term loans to related parties				
Subsidiaries	-	-	1,942,811	1,869,374
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Trade and other payables (Note 11)				
Subsidiaries	-	-	99,513	116,394
Related company ⁽¹⁾	1,696	1,580	1,696	1,580
Total	1,696	1,580	101,209	117,974
Short-term loans from related party				
Subsidiary	-	-	90,000	90,000

Relationship with the related companies

⁽¹⁾ has common major shareholders

⁽²⁾ the major shareholders

Short-term loans to related parties

The Company has granted unsecured loans of Baht 1,943 million to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% - 4.75% per annum (31 December 2014: Baht 1,869 million, at a rate of 4.50% - 4.75% per annum). The loans are repayable at call. Movements in the balance of the loans during the period were as follow:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2015
	Balance as at	During the period		
	1 January 2015	Increase	Decrease	
Short-term loans to related parties				
Mega Home Center Company Limited	1,847,000	475,000	(467,000)	1,855,000
Home Product Center (Malaysia) Sdn. Bhd.	22,374	65,437	-	87,811
Total	1,869,374	540,437	(467,000)	1,942,811

Short-term loan from related party

The Company has received unsecured loan of Baht 90 million from its subsidiary on which interest is payable on a monthly basis at a rate of 2.25% per annum (31 December 2014: Baht 90 million, at a rate of 2.25% per annum). The loan is repayable at call. Movement in the balance of the loan during the period was as follow:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2015
	Balance as at	During the period		
	1 January 2015	Increase	Decrease	
Short-term loan from related party				
Market Village Company Limited	90,000	-	-	90,000
Total	90,000	-	-	90,000

Directors and management's benefits

The Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2015	2014	2015	2014
Short-term benefits	42,440	41,700	38,430	36,010
Post-employment benefits	998	590	777	438
Total	43,438	42,290	39,207	36,448

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Trade accounts receivable	274,850	262,554	269,815	256,437
Other receivables	1,107,026	1,332,001	1,039,282	1,291,009
Income receivables	30,706	25,602	24,834	20,052
Total trade and other receivables	1,412,582	1,620,157	1,333,931	1,567,498

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Trade accounts receivable	166,860	125,315	165,359	121,122
Cheque returned receivable	410	450	410	450
Credit card and coupon receivable	108,922	138,131	105,388	136,207
Total	276,192	263,896	271,157	257,779
Less: Allowance for doubtful accounts	(1,342)	(1,342)	(1,342)	(1,342)
Total trade accounts receivable - net	274,850	262,554	269,815	256,437

The outstanding balances of trade accounts receivable as at 31 March 2015 and 31 December 2014 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
<u>Trade receivables - related parties</u>				
Not yet due	4,692	5,458	6,915	8,273
Past due				
Up to 3 months	1,637	1,627	4,341	2,155
3 - 6 months	70	140	70	140
Total trade receivables - related parties	6,399	7,225	11,326	10,568

(Unit: Thousand Baht)

(Unaudited but reviewed)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
<u>Trade receivables - unrelated parties</u>				
Not yet due	259,107	243,530	252,707	238,955
Past due				
Up to 3 months	7,119	9,276	3,638	4,391
3 - 6 months	201	563	118	563
6 - 12 months	884	2,907	885	2,907
Over 12 months	2,482	395	2,483	395
Total	269,793	256,671	259,831	247,211
Less: Allowance for doubtful debts	(1,342)	(1,342)	(1,342)	(1,342)
Total trade receivables - unrelated parties, net	268,451	255,329	258,489	245,869
Total trade receivables - net	274,850	262,554	269,815	256,437

Other receivables

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 31 March 2015 and 31 December 2014 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Age of receivables				
Not yet due	540,598	662,226	518,670	676,995
Past due				
Up to 3 months	477,060	633,502	440,990	590,428
3 - 6 months	65,020	22,744	60,653	16,517
6 - 12 months	20,740	10,824	16,877	5,188
Over 12 months	5,583	4,680	4,067	3,856
Total	1,109,001	1,333,976	1,041,257	1,292,984
Less: Allowance for doubtful debts	(1,975)	(1,975)	(1,975)	(1,975)
Total other receivables - net	1,107,026	1,332,001	1,039,282	1,291,009

(Unaudited but reviewed)

4. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Inventories	10,060,160	9,844,866	8,882,526	8,711,764
Less: Reduce cost to net realisable value	(291,966)	(272,585)	(281,550)	(266,622)
Net	9,768,194	9,572,281	8,600,976	8,445,142
Less: Inventories - repaid its cost when sold	(1,353,305)	(1,193,260)	(1,242,782)	(1,097,005)
Purchase discount	(369,205)	(348,205)	(337,605)	(322,605)
Inventories - net	<u>8,045,684</u>	<u>8,030,816</u>	<u>7,020,589</u>	<u>7,025,532</u>

5. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the period	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 March 2014
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	99.99	99.99	4,999	4,999	59,998	-
Home Product Center (Malaysia) Sdn. Bhd.	251,179	251,179	100.00	100.00	251,179	251,179	-	-
Mega Home Center Company Limited	1,000,000	1,000,000	99.99	99.99	1,000,000	1,000,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
					<u>1,258,678</u>	<u>1,258,678</u>	<u>59,998</u>	<u>-</u>

6. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	2,764,572	3,340,264
Acquisitions during the period - at cost	267,508	267,508
Transfers from property, plant and equipment - at cost	-	149,000
Disposals and written-off during the period - net book value	(438)	(438)
Depreciation for the period	(14,967)	(14,967)
Net book value as at 31 March 2015	<u>3,016,675</u>	<u>3,741,367</u>

7. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	26,351,909	23,428,937
Acquisitions during the period - at cost	985,261	751,576
Transfers to investment properties - at cost	-	(149,000)
Disposals and written-off during the period - net book value	(4,707)	(4,702)
Depreciation for the period	(592,058)	(536,131)
Translation adjustment	(13,196)	-
Net book value as at 31 March 2015	<u>26,727,209</u>	<u>23,490,680</u>

8. Computer software

Movements of the computer software account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	246,256	202,246
Acquisitions during the period - at cost	15,252	15,182
Amortisation for the period	(8,663)	(7,394)
Translation adjustment	(35)	-
Net book value as at 31 March 2015	<u>252,810</u>	<u>210,034</u>

9. Leasehold rights

Movements of the leasehold right account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	1,967,321	1,823,406
Amortisation for the period	(16,808)	(16,233)
Net book value as at 31 March 2015	<u>1,950,513</u>	<u>1,807,173</u>

10. Bank overdrafts and short-term loans from financial institutions

As at 31 March 2015 and 31 December 2014, the Company had overdraft lines from banks totaling Baht 305 million and Baht 305 million, respectively, and other credit facilities amounting to Baht 7,963 million and Baht 6,507 million, respectively.

11. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Trade accounts payable - unrelated parties	9,635,802	9,656,790	8,819,483	8,853,575
Other payables - related parties	437	1,580	45,133	52,010
Other payables - unrelated parties	429,348	497,063	319,483	397,431
Other payables for purchase of assets	862,493	949,888	713,746	930,557
Accrued expenses - related parties	1,259	-	54,380	65,964
Accrued expenses - unrelated parties	681,484	970,044	533,491	793,352
Total trade and other payables	<u>11,610,823</u>	<u>12,075,365</u>	<u>10,485,716</u>	<u>11,092,889</u>

(Unaudited but reviewed)

12. Long-term loans

			(Unit: Thousand Baht)	
			Consolidated and separate	
			financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	31 March 2015	31 December 2014
1	3.70	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	900,000	900,000
2	3.71	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	700,000	700,000
3	3.59	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	900,000	900,000
Total			2,500,000	2,500,000
Less: Current portion of long-term loans			(700,000)	(700,000)
Long-term loans - net of current portion			1,800,000	1,800,000

The Company has received unsecured long-term credit facilities from a financial institution. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio according to the agreements.

13. Debentures

	Consolidated and separate financial statements			
	Number of debentures (Unit)		Amount (Thousand Baht)	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Unsecured debentures				
#1/2011	1,000,000	1,000,000	1,000,000	1,000,000
#1/2012	1,300,000	1,300,000	1,300,000	1,300,000
#1/2013	4,000,000	4,000,000	4,000,000	4,000,000
#1/2014	1,000,000	1,000,000	1,000,000	1,000,000
#2/2014	530,000	530,000	530,000	530,000
#3/2014	520,000	520,000	520,000	520,000
#4/2014	2,000,000	2,000,000	2,000,000	2,000,000
#5/2014	1,000,000	1,000,000	1,000,000	1,000,000
#1/2015	1,000,000	-	1,000,000	-
Total	<u>12,350,000</u>	<u>11,350,000</u>	<u>12,350,000</u>	<u>11,350,000</u>
Less: Current portion			(2,300,000)	(2,300,000)
Debentures - net of current portion			<u>10,050,000</u>	<u>9,050,000</u>

Details of the Company's debentures are as follows:

1. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2011 due 2015.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2011 due 2015"
Amount	Baht 1,000 million
Term	4 years, starting from date of issuance
Issued date	15 September 2011
Interest rate	4.60% per annum
Interest payment schedule	Quarterly in March, June, September and December, starting from 15 December 2011
Principal repayment	On the redemption date of 15 September 2015
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

2. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2012 due 2015.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2012 due 2015"
Amount	Baht 1,300 million
Term	3 years, starting from date of issuance
Issued date	14 September 2012
Interest rate	3.85% per annum
Interest payment schedule	Semi-annually in March and September, starting from 14 March 2013
Principal repayment	On the redemption date of 14 September 2015
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

3. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2013 due 2016.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2013 due 2016"
Amount	Baht 4,000 million
Term	3 years, starting from date of issuance
Issued date	18 September 2013
Interest rate	4.05% per annum
Interest payment schedule	Semi-annually in March and September, starting from 18 March 2014
Principal repayment	On the redemption date of 18 September 2016
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

4. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2014 due 2017.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2014 due 2017"
Amount	Baht 1,000 million
Term	3 years, starting from date of issuance
Issued date	7 March 2014
Interest rate	3.63% per annum
Interest payment schedule	Semi-annually in March and September, starting from 7 September 2014
Principal repayment	On the redemption date of 7 March 2017
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

5. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 2/2014 due 2017.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 2/2014 due 2017"
Amount	Baht 530 million
Term	3 years, starting from date of issuance
Issued date	25 July 2014
Interest rate	3.53% per annum
Interest payment schedule	Semi-annually in January and July, starting from 25 January 2015
Principal repayment	On the redemption date of 25 July 2017
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

6. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 3/2014 due 2017.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 3/2014 due 2017"
Amount	Baht 520 million
Term	3 years, starting from date of issuance
Issued date	8 August 2014
Interest rate	3.53% per annum
Interest payment schedule	Semi-annually in February and August, starting from 8 February 2015
Principal repayment	On the redemption date of 8 August 2017
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

7. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 4/2014 due 2017.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 4/2014 due 2017"
Amount	Baht 2,000 million
Term	3 years, starting from date of issuance
Issued date	1 September 2014
Interest rate	3.54% per annum
Interest payment schedule	Semi-annually in March and September, starting from 1 March 2015
Principal repayment	On the redemption date of 1 September 2017
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

8. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 5/2014 due 2019.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 5/2014 due 2019"
Amount	Baht 1,000 million
Term	5 years, starting from date of issuance
Issued date	26 December 2014
Interest rate	3.47% per annum
Interest payment schedule	Semi-annually in June and December, starting from 26 June 2015
Principal repayment	On the redemption date of 26 December 2019
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

9. The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2015 due 2018.

Name of debentures	"The Unsubordinated and Unsecured Debentures of Home Product Center Plc. No. 1/2015 due 2018"
Amount	Baht 1,000 million
Term	3 years, starting from date of issuance
Issued date	24 February 2015
Interest rate	3.05% per annum
Interest payment schedule	Semi-annually in February and August, starting from 24 August 2015
Principal repayment	On the redemption date of 24 February 2018
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets

14. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	199,496	197,421	195,884	191,636
Deferred tax:				
Relating to origination and reversal of temporary differences	(15,534)	(10,067)	(12,365)	(287)
Income tax expense reported in the statements of comprehensive income	<u>183,962</u>	<u>187,354</u>	<u>183,519</u>	<u>191,349</u>

15. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of the stock dividend as discussed in Note 18 to the financial statements, because these dividend shares were issued after the end of the reporting period but before the financial statements were authorised for issue. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividends of 1,369.86 million shares on 7 November 2014, and the stock dividends as discussed in Note 18 to the financial statements, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit for the period (Thousand Baht)	733,679	725,729	803,156	731,675
Weighted average number of ordinary shares (Thousand shares)	13,151,315	13,151,315	13,151,315	13,151,315
Earnings per share (Baht/share)	0.06	0.06	0.06	0.06

16. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Company and its subsidiaries are principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail and wholesale business, together with space rental and provide utilities service (as having revenue and/or operating profit and/or assets less than 10% of total revenue and/or total operating profit and/or total assets of all segments, which do not meet the quantitative thresholds as set out in the financial reporting standard).

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Geographic information

Sales income from external customers is based on locations of the Company and its subsidiaries which are summarised as follow.

(Unit: Million Baht)

	For the three-month periods ended 31 March	
	2015	2014
Sales income from external customers		
Thailand	12,158	11,078
Malaysia	122	-
Total	12,280	11,078

(Unaudited but reviewed)

(Unit: Million Baht)

	As at	
	31 March 2015	31 December 2014
Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	31,842	31,140
Malaysia	180	191
Total	<u>32,022</u>	<u>31,404</u>

Major customers

For the three-month periods ended 31 March 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

17. Commitments and contingent liabilities

17.1 Operating lease commitments

a) The Company and its subsidiaries have entered into land lease agreements. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Payable:				
In up to 1 year	90	88	88	86
In over 1 and up to 5 years	401	398	382	379
In over 5 years	2,168	2,197	1,986	2,013

b) The Company and its subsidiaries have entered into lease agreements to lease commercial space. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

(Unaudited but reviewed)

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Payable:				
In up to 1 year	114	114	98	98
In over 1 and up to 5 years	427	426	405	404
In over 5 years	975	1,001	975	1,001

17.2 Long-term service commitments

The Company has entered into the inventory management services agreement with a subsidiary. Under the conditions of the agreement, the Company is to pay the service fee at a percentage of the subsidiary's actual cost as stipulated in the agreement.

17.3 Long-term lease agreements - as leaser

The Company has entered into seven agreements with two companies to lease and sub-lease parts of premises in 5 branches for periods of 29 - 30 years, with a total of rental received in advance amounting to Baht 640 million. The terms of the agreements are until 2033 - 2036. The Company recognises this income systematically on a straight-line basis over the lease period which is the useful lives of the leaseholds.

As at 31 March 2015, the outstanding balance of rental received in advance, net of recognised rental income was Baht 418 million (31 December 2014: Baht 425 million).

17.4 Guarantees

a) As at 31 March 2015, the Company and its subsidiaries had commitments totaling Baht 173 million to commercial banks in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise (31 December 2014: Baht 171 million) (The separate financial statements: Baht 160 million, 31 December 2014: Baht 159 million).

- b) As at 31 March 2015, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 3 million (31 December 2014: USD 2 million).

17.5 Litigation

- a) In February 2011, the Company was sued in civil lawsuit brought by a company relating to the breach of contract. The plaintiff is demanding payment for penalty claim from the Company totaling Baht 16.1 million. Subsequently, the Company filed a counterclaim totaling Baht 7.9 million to the plaintiff. However in December 2010, the Company has set aside a liability (Account Payable) arising as a result of penalty claim Baht 13.6 million in the financial statements.

In August 2013, the Court of First Instance ordered the Company to pay for penalty claim of Baht 14.1 million plus interest at a rate of 7.5% per annum, commencing from 3 February 2011. Subsequently, in April 2014, the Court of Appeals rendered the judgement according to the Court of First Instance. However, the Company had already filed an appeal against the judgement to the Supreme Court to clarify the case.

- b) As at 31 March 2015, the Company has been sued for other cases and received the notice of payment, for a totaling of the sue and the notice of payment at Baht 14.0 million (31 December 2014: Baht 2.9 million). The cases are currently being considered by the Court and the notice of payment is currently being considered by the Company's legal counsel, the outcome of these matters cannot be determined in this stage. The Company believes that it will receive favorable ruling for these matters, therefore no provision has been set aside.

17.6 Foreign exchange contracts

Foreign exchange contracts outstanding are summarised below

Consolidated and separate financial statements					
As at 31 March 2015					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	7.00	-	32.77 - 33.21	-	Within September 2015

Consolidated and separate financial statements					
As at 31 December 2014					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	2.50	-	33.05 - 33.20	-	Within June 2015

18. Events after the reporting period

On 9 April 2015, the Annual General Meeting of the Company's shareholders passed the following resolutions.

1. The approve allocations of the Company's legal reserve and the payment of dividend from the operation result of July 2014 to December 2014 of the separate financial statement:
 - Allocated as the statutory reserve in the amount of Baht 92.70 million which is equivalent to 5% of the net profit from July 2014 to December 2014 of the separate financial statement.
 - Paid dividend by the Company's ordinary shares in the ratio of 15 existing shares per 1 dividend share, not exceeding 822 million shares, or in the total amount not exceeding Baht 822 million or shall be converted as dividend payment at Baht 0.06667 per share. In case that any shareholder holds the indivisible share remaining after such allocation, the dividend shall be paid by cash in the amount of Baht 0.06667 per share.
 - Paid dividend by cash at the rate of Baht 0.07333 per share or in the total amount not exceeding Baht 904.11 million.

The payment of such stock dividend and cash dividend shall be made within 8 May 2015.

As the Extraordinary General Meeting of the Company's shareholders held on 15 October 2014 has the resolution to approve interim dividend payment to the shareholders as stock dividend of Baht 0.125000 per share and cash dividend of Baht 0.013889 per share. The interim dividend was paid on 13 November 2014. As a result, total dividend per share for the year 2014 is Baht 0.278889 per share (before taking dilution effect).

2. To decrease the registered capital of the Company from Baht 12,329,396,991 to Baht 12,329,315,446 by cancelling the registered ordinary shares remaining after the stock dividend allocation of 81,545 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Extraordinary General Shareholders Meeting no. 1/2014.
3. To increase the registered capital from the previous registered capital of Baht 12,329,315,446 to be the new registered capital of Baht 13,151,315,446 by issuing an additional 822,000,000 ordinary shares at the par value of Baht 1 each to support the payment of a stock dividend.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 27 April 2015.